





## Materiality (Key Issues)

With “Boundless Creativity and Social Contribution” as our company creed, we aim to contribute to the realization of a sustainable society through our growth by achieving both social value and economic value. In order to realize the vision for the company and the delivered value set forth in the 2030 Business Plan, we have designated and worked on several key areas as “materiality” where we can make a particular contribution from among various social issues, such as social forecasts and SDGs, taking into consideration the changing business environment.

Social Issues/Megatrends		
Business Operations	 <ul style="list-style-type: none"> <li>● Providing both innovations in automotive technology (BEVs, CASE) and a safe and secure mobility society</li> <li>● Changes in company competitiveness with accelerating digital/IT transformation</li> </ul>	Expansion of CASE (BEV/FCEV market) Expansion of MaaS market Market changes Accelerate adoption of digitalization, IoT, and DX
	 <ul style="list-style-type: none"> <li>● Increasingly serious problems in the global environment</li> <li>● Business transformation due to climate change and resource shortages</li> </ul>	Environment and resources
	 <ul style="list-style-type: none"> <li>● Demographic changes (declining birthrate and aging population)</li> <li>● Changing values and diversifying work styles</li> </ul>	Human capital
	 <ul style="list-style-type: none"> <li>● BCP risks</li> <li>● Rising geopolitical risks</li> </ul>	Supply chain Governance
Management Base		

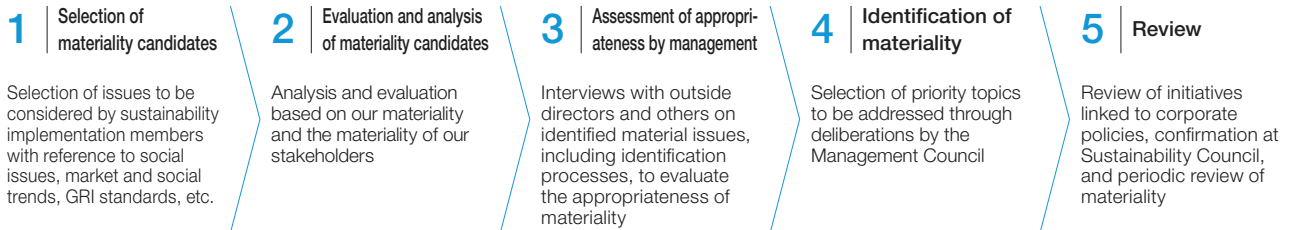
## Opportunities and Risks





BEV expansion to bring new products to market	Risk	Opportunity
Support for BEV leading markets and BEV leading OEMs	Risk	Opportunity
Expansion of FCEV market		Opportunity
Advancement of technology for preventing traffic accidents		Opportunity
Reduction in fuel system components	Risk	
Change in the way that users value and relate to their cars	Risk	Opportunity
Market changes due to infrastructure improvements and laws and regulations in emerging countries		Opportunity
Increased production efficiency (automation and reduced workforce)		Opportunity
Market expansion in new fields through green technology*	Risk	Opportunity
Change in competitiveness due to adoption of carbon pricing	Risk	Opportunity
Full utilization of rubber and plastic materials and development of materials (lighter weight, material replacement, higher durability, and new materials)	Risk	Opportunity
Large-scale disasters due to extreme weather conditions	Risk	Opportunity
Reduction of energy costs due to implementation of energy-saving initiatives		Opportunity
D&I for diversification of thinking, skills, and experience		Opportunity
Human resource portfolios for efficient use of human capital (including re-skilling)		Opportunity
Rising global labor costs	Risk	
Production impact, supply chain disruptions, and human casualties due to geopolitical risks, infectious diseases and disasters	Risk	Opportunity
Rising raw material costs, material shortages	Risk	
Serious quality issues and recalls	Risk	
Cyberattacks and scam emails	Risk	
Leakage of confidential information	Risk	
Antitrust law violations (bid rigging and cartels)	Risk	









\* Green technology: Technologies and products that solve or mitigate environmental problems (e.g., technologies and products that contribute to more lightweight designs and decarbonization)

# Materiality (Key Issues)

## Materiality Identification Process



	Key Sustainability Issues (Materiality)	Main Initiatives (Social Issues/Opportunities and Risks to be Addressed)
	<ul style="list-style-type: none"> <li>Responding to the transformation of the automobiles</li> <li>Reducing traffic fatalities for realizing a safe, secure, and comfortable mobility society</li> </ul>	<ul style="list-style-type: none"> <li>Development of new products for BEVs <a href="#">P.26</a></li> <li>Expanding sales to BEV leading markets and OEMs <a href="#">P.25</a></li> <li>Development and sales expansion of airbag products to deliver safety and comfort to all <a href="#">P.27</a> <a href="#">P.48</a></li> </ul>
	<ul style="list-style-type: none"> <li>Creating new businesses utilizing core technologies</li> </ul>	<ul style="list-style-type: none"> <li>Expanding new businesses by leveraging experience in new business development <a href="#">P.34</a></li> <li>Deployment of corporate venture capital (CVC) <a href="#">P.37</a></li> <li>Realization of smart factories (double productivity) <a href="#">P.38</a></li> </ul>
	<ul style="list-style-type: none"> <li>Creating a decarbonized society by reducing CO<sub>2</sub> emissions and greenhouse gas emissions</li> <li>Creating a recycling-oriented society through waste reduction and water risk reduction</li> </ul>	<ul style="list-style-type: none"> <li>Creating environmentally-friendly businesses by leveraging our knowledge in the rubber and plastics fields <a href="#">P.29</a> <a href="#">P.33</a></li> <li>Globally integrated operations to achieve carbon neutrality <a href="#">P.54</a></li> <li>Contribution to a recycling-oriented society (Car to Car recycling) <a href="#">P.58</a></li> </ul>
	<ul style="list-style-type: none"> <li>Living together with local communities</li> <li>Use of diverse human resources and respect for human rights</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives rooted in local communities (local self-reliant management, Center of Excellence) <a href="#">P.42</a></li> <li>Diversity &amp; inclusion <a href="#">P.62</a></li> <li>Safety and health management <a href="#">P.68</a></li> <li>Strengthening quality and supply chain to support sustainability management <a href="#">P.65</a></li> <li>Responding to geopolitical and economic risks <a href="#">P.82</a></li> </ul>
	<ul style="list-style-type: none"> <li>Corporate governance as a company with integrity</li> <li>Ensuring compliance</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of BCP resilience <a href="#">P.84</a></li> <li>Enhancing of internal controls <a href="#">P.70</a></li> </ul>

	KPIs and Medium- to Long-term Targets (FY2030)	Relevant SDGs Most Important Areas
	<ul style="list-style-type: none"> <li>● BEV-related share of revenue: 40%</li> </ul> <p>Target Setting Formula BEV production volume/Car production volume * Based on S&amp;P Global Information</p>	 <p>Achieving a safer, more secure, and more comfortable mobility society</p>
	<ul style="list-style-type: none"> <li>● Airbag production volume: +1.5 fold increase (compared to FY2022)</li> </ul>	
	<ul style="list-style-type: none"> <li>● Based on cash allocation (Allocating funds mainly for R&amp;D, human resources, and strategic investments with the aim of expanding fields that contribute to safety, comfort, and decarbonization)</li> </ul>	 <p>Solving social issues by creating innovations</p>
	<ul style="list-style-type: none"> <li>● Scopes 1 and 2: Carbon neutral</li> <li>● Waste volume (total) [non-consolidated]: -50% (compared to FY2012)</li> <li>● Scope 3: -27.5% (compared to FY2019)</li> <li>● Waste volume (unit) [overseas]: -55% (compared to FY2015)</li> <li>● Renewable energy adoption rate: 100%</li> </ul>	   <p>Realization of a decarbonized, recycling-oriented society</p>
	<ul style="list-style-type: none"> <li>● Percentage of employees receiving training on human rights: 100%</li> <li>● Employee engagement affirmation rate [non-consolidated]: 75%</li> <li>● Ratio of local executives (vice presidents and above) at overseas locations: 60% or more</li> <li>● Number (ratio) of female managers [non-consolidated]: 100 (8.8%)</li> <li>● Ratio of mid-career hires in management positions [non-consolidated]: 30% or more</li> <li>● Number of serious accidents: 0</li> <li>● Percentage of suppliers implementing sustainability activities: 100%</li> </ul>	  <p>Sustainable growth through diverse workforce</p>
	<ul style="list-style-type: none"> <li>● Number of major legal violations: 0</li> <li>● Major cyber security incidents: 0</li> </ul>	 <p>Fair and transparent corporate governance system</p>